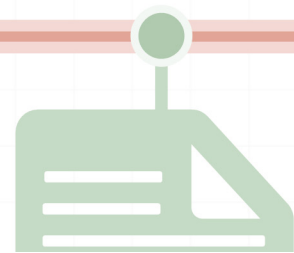
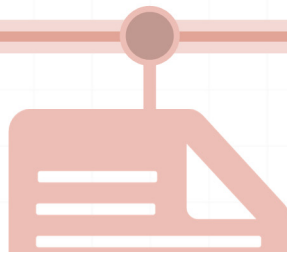
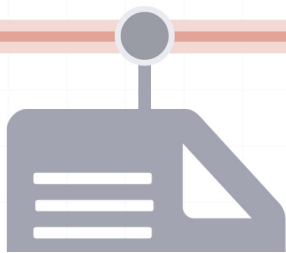
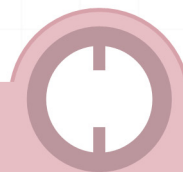


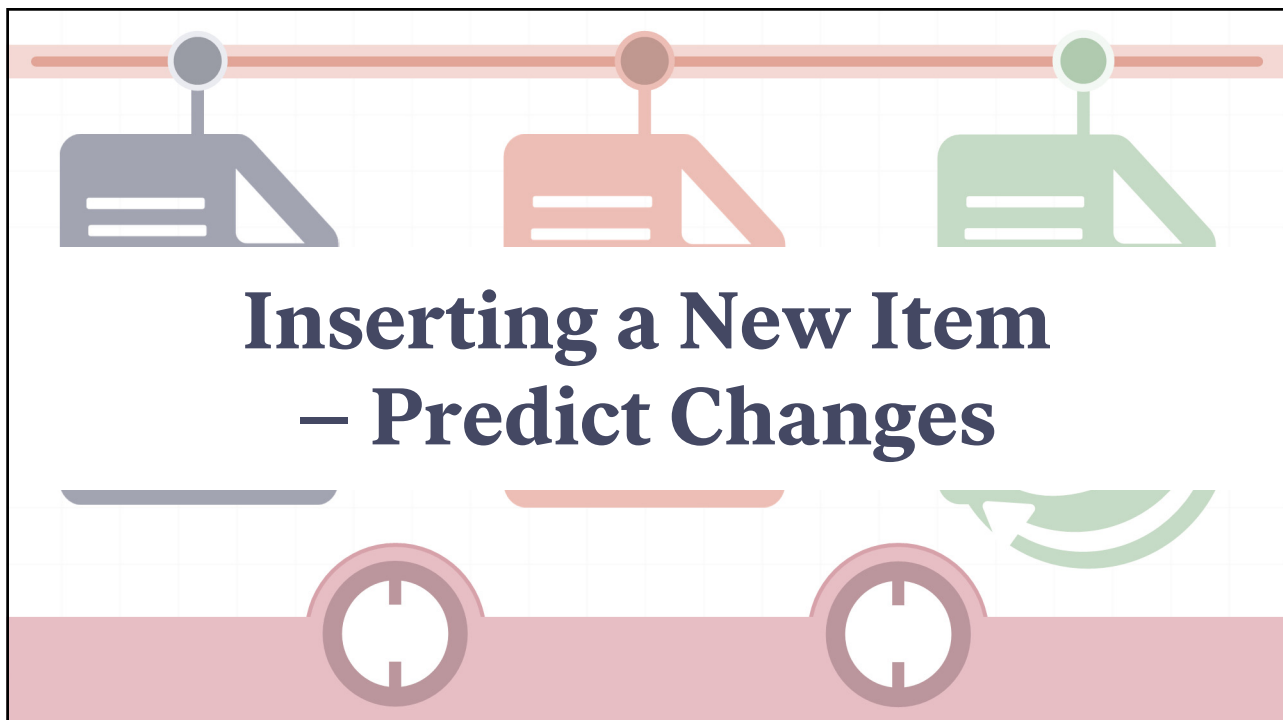
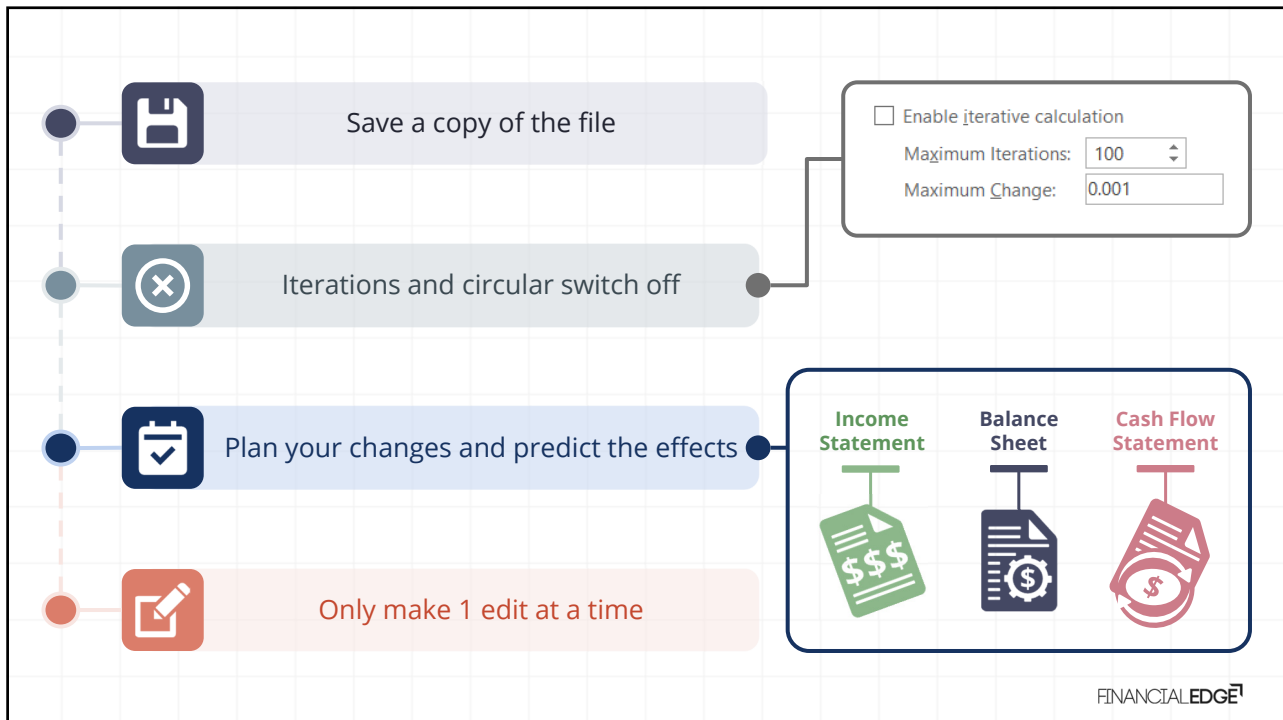


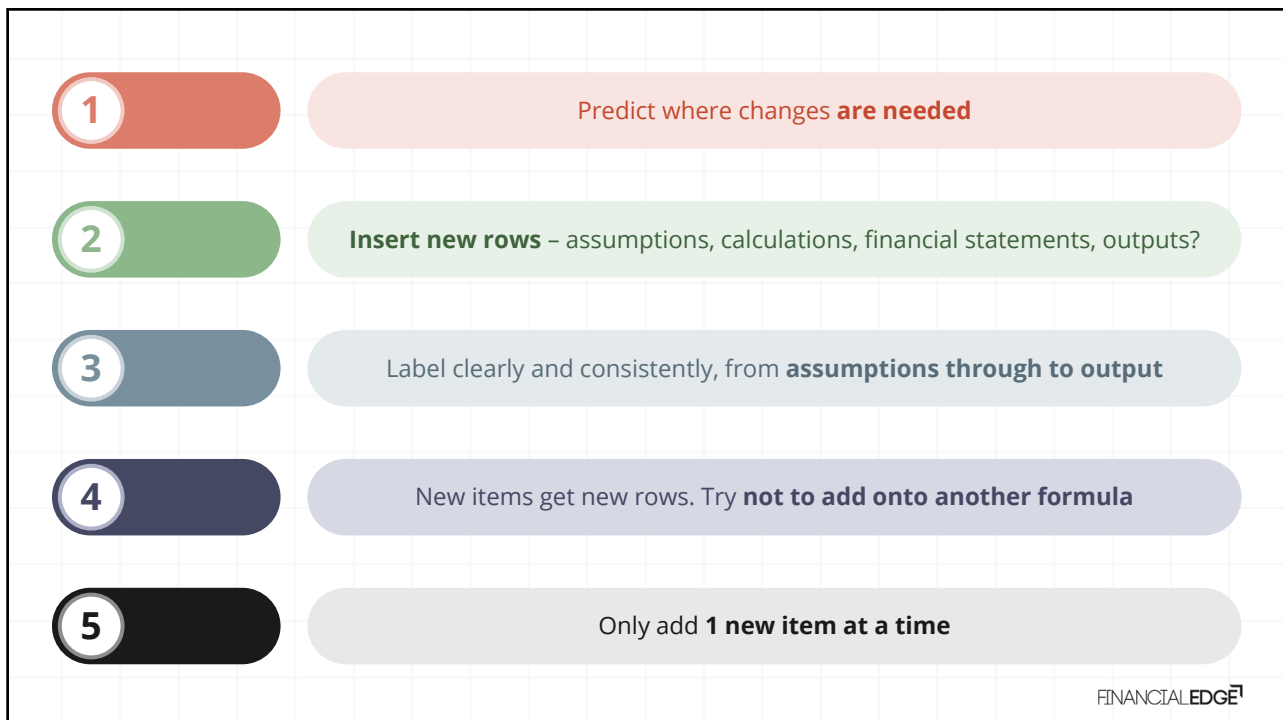
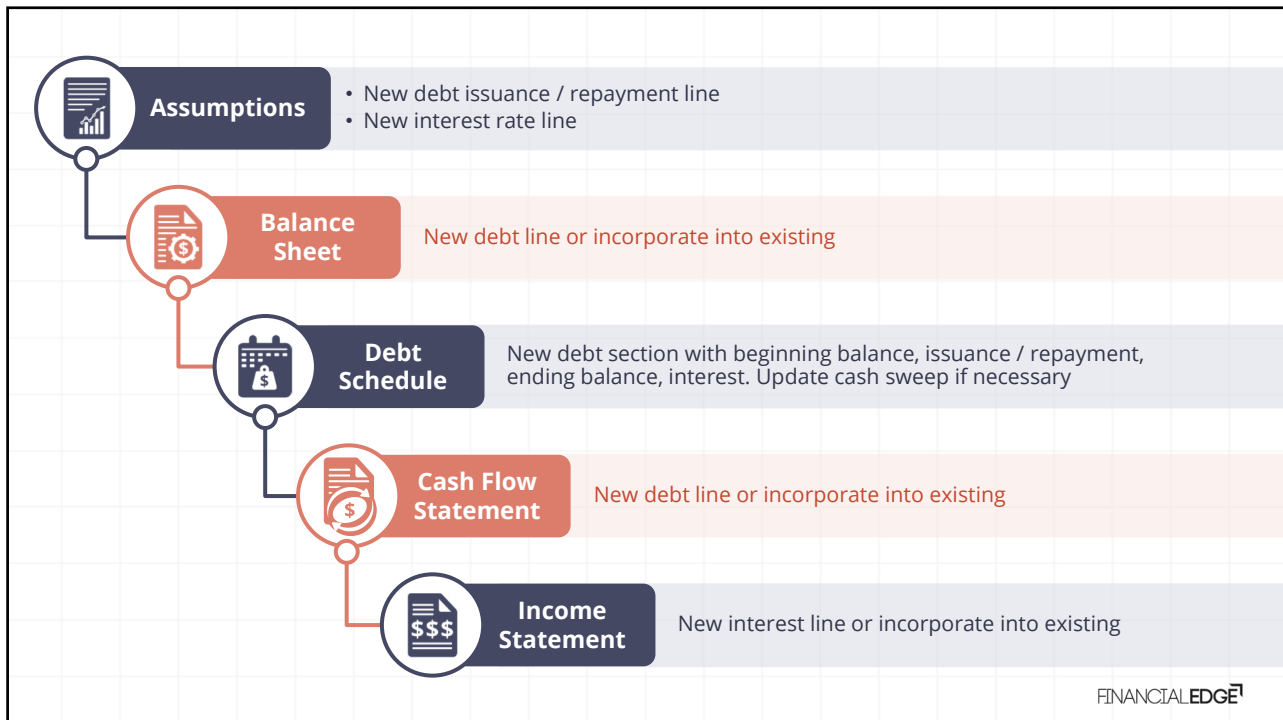
Three Statement Model Editing

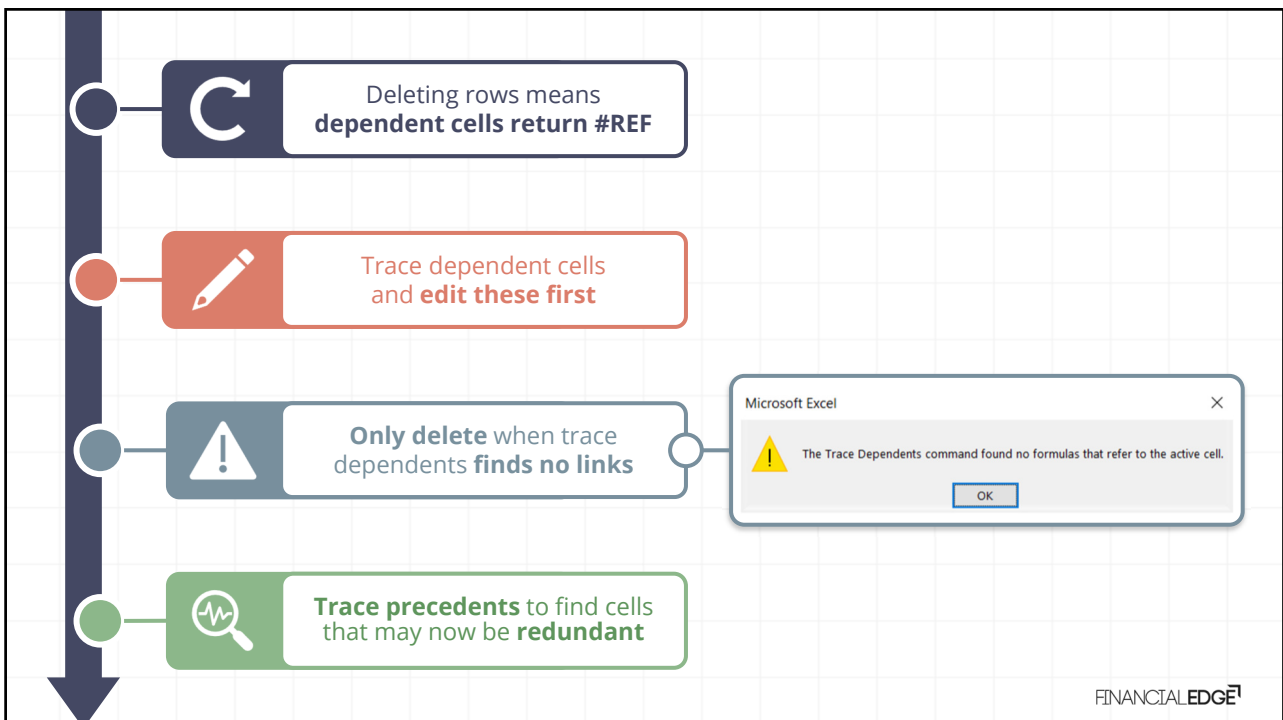
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Before Editing











Checking Techniques

Always audit the work



Sense

Output makes sense?



Structure

Formula structure
consistent and expected?



Stress

Model reacts
predictably to changes?



Check balance sheet **balances**

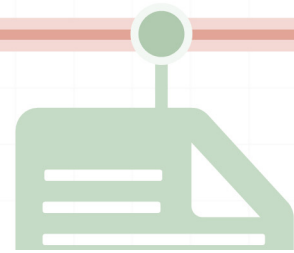
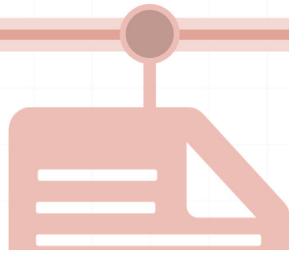
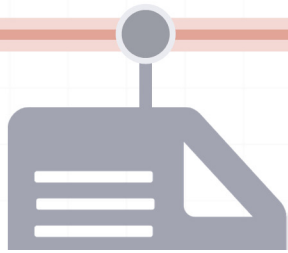


Check every sheet after **each edit**



Check for errors values e.g. **#DIV/0!**, **#VALUE!**, **#REF!**, **#NUM!**





After Editing – Sense Check



	Year 1	Year 2	Year 3	Year 4
Revenues	404.1	416.2	428.7	441.6
Operating Costs	383.9	395.4	390.1	419.5
Operating Profits	20.2	20.8	38.6	22.1
Tax Expense	2.0	2.1	3.9	2.2
Net Income	18.2	18.7	34.8	19.9

Unusual numbers

Negatives in wrong place

Downward trend when upward expected

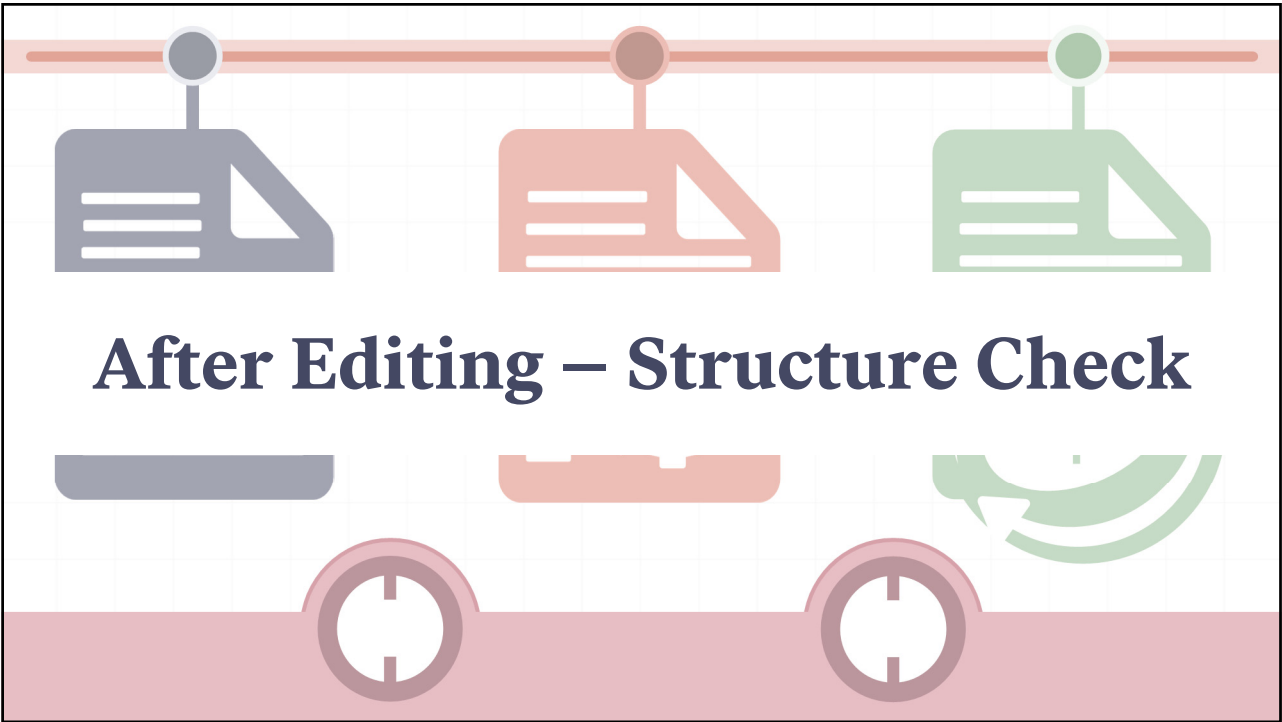
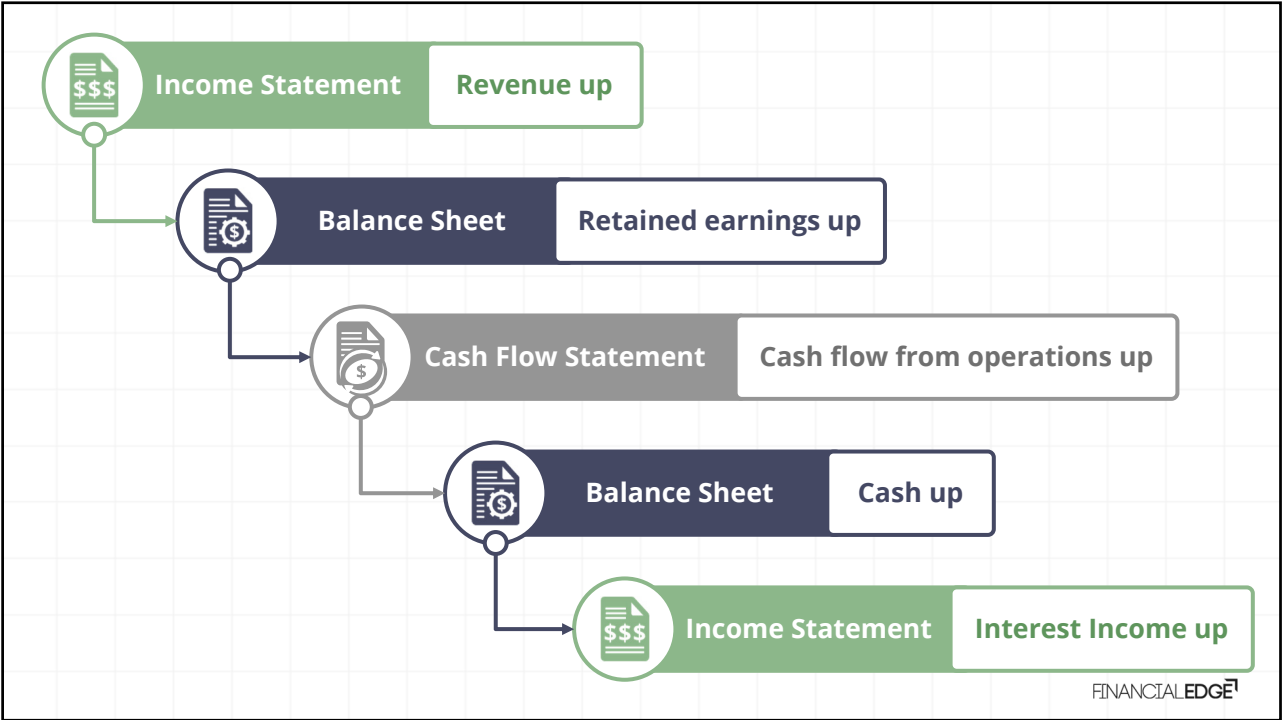
Zeros



Check the “family” relationships:

Sales up, operating costs down?

Large debt repayment, cash up?



Consistent Period Columns

Column reference	F	G
Balance sheet	Year 1	Year 2
Income statement	Year 1	Year 2
Operating statistics	Year 1	Year 2

Ensures consistency of formulas

% of formula have same column references

Growth % has this and last period references

Consistent Row Labels

Assumptions
Receivables
Inventories
Prepays

Inconsistent formulas more obvious

Balance sheet
Receivables
Inventories
Prepays

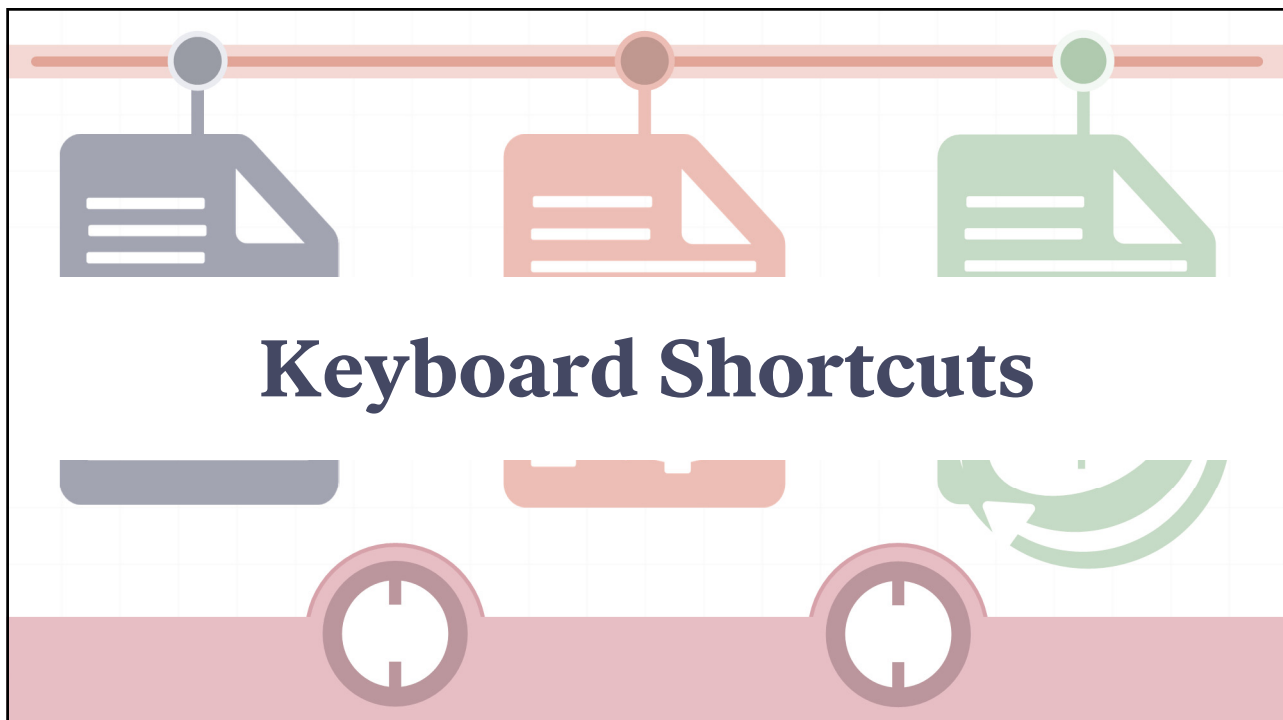
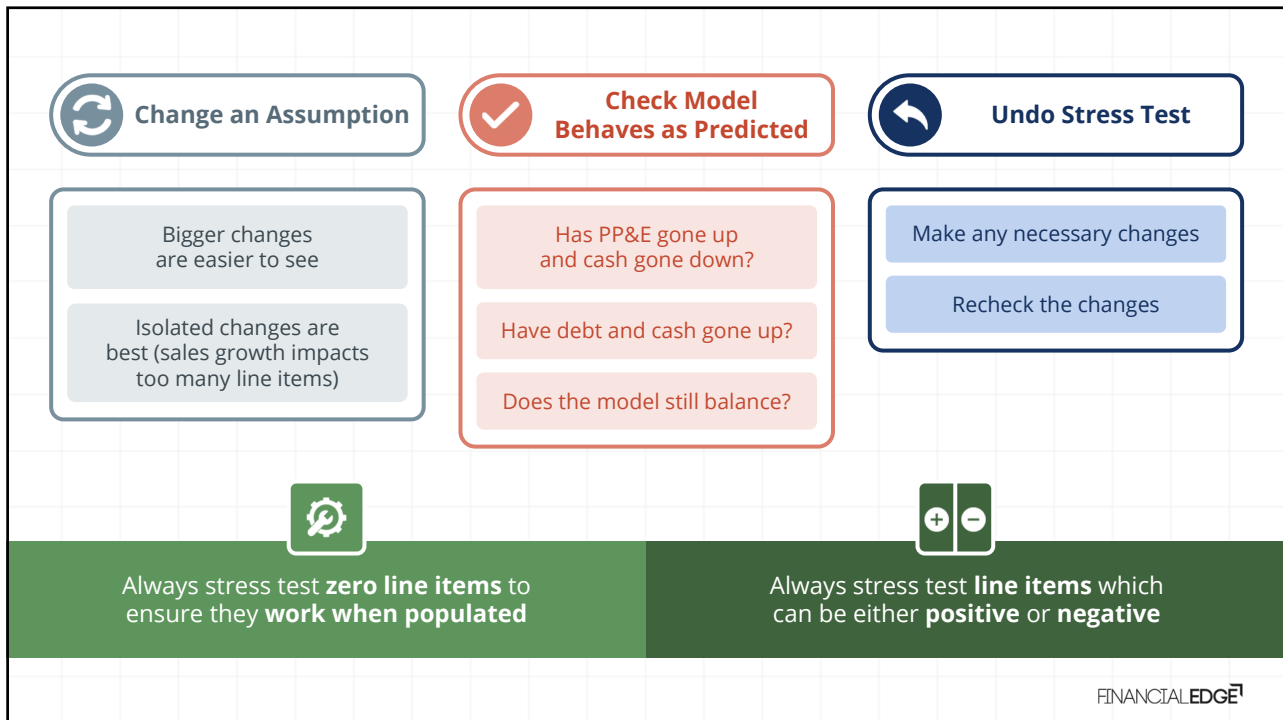
Final period = 0.0?

Check for structure issue in period 1

Zeros in the final period are a red flag

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After Editing – Stress Check





Trace Precedents

Trace Dependents

alt + **M** + **P**

alt + **M** + **D**

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Removes All Arrows

alt + **M** + **A**

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Error Checking

alt + M + K

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Show Formulas

(An on / off switch)

alt + M + H

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Shows Component Cells

F2

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Jumps to first variable if formula is cross tab

ctrl

+

[

FINANCIALEDGE⁷



**Jumps from variable to variable if
formula on the same tab**

ctrl + [+ enter

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Back to Start

F5 + enter

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